

FILE NO: 387477

**MORTGAGE, DEED OF TRUST, SECURITY AGREEMENT,  
ASSIGNMENT OF PRODUCTION AND FINANCING STATEMENT**

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**IMPEXCO OF TEXAS, INC.**

**TO**

**LARRY G. MYERS, TRUSTEE**

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**FOR THE BENEFIT OF**

**THE ESTATE OF AMERICAN ENERGY LEASING, INC.**

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**DATED MAY 1, 1990**

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**THIS INSTRUMENT SHALL BE EFFECTIVE AS,  
AMONG OTHER THINGS, A SECURITY AGREEMENT  
AND FINANCING STATEMENT UNDER THE  
UNIFORM COMMERCIAL CODE. COLLATERAL  
INCLUDES FIXTURES AFFIXED TO THE  
PROPERTIES DESCRIBED IN EXHIBIT "A"  
ATTACHED HERETO  
MORTGAGE, DEED OF TRUST, SECURITY AGREEMENT  
ASSIGNMENT OF PRODUCTION AND FINANCING STATEMENT**

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This Mortgage, Deed of Trust, Security Agreement, Assignment of Production and Financing Statement is executed, effective as of May 1, 1990, by IMPEXCO OF TEXAS, INC. a Texas corporation, whose address is C/O Steelhammer & Kendrick P.C., Three Riverway, Suite 700, Houston, TX 77056-1909 ("Grantor"), GARY J. KNOSTMAN, Trustee in his capacity as Trustee of the Estate of American Energy Leasing, Inc. ("Beneficiary"), whose address is Post Office Drawer 837, Fulton Beach, TX 78358 and Larry G. Myers ("Trustee") whose address is 3200 Southwest Freeway, Suite 2380, Houston, Texas 77027.

NOW, THEREFORE, for and in consideration of (i) the covenants and obligations contained in the Settlement Agreement, and (ii) the sum of Ten Dollars and other good and valuable consideration to Grantor in hand paid by Beneficiary, the full receipt and sufficiency of which is hereby acknowledged and confessed, Grantor, subject to the terms of Section 9.06 hereof, does hereby grant, bargain, convey, mortgage, pledge and assign to the Trustee and his successors in trust and assigns, and, to the extent any interest of Grantor covered by the terms hereof is or may be deemed to be personal property or fixtures, Grantor hereby grants unto Beneficiary a security interest in and to, the following, subject to the restrictions, exceptions, conditions, limitations and other matters, if any, set forth herein or in the specific descriptions of said properties and interests contained in Exhibit "A" hereto; together with any and all proceeds of or other rights or interests attributable thereto, whether now existing or owned by Grantor or hereafter arising or acquired by Grantor (the "Assigned Property"):

(a) All of the interest of the Grantor in the Assigned Property, together with all now owned or hereafter acquired processing contracts, purchase contracts, and all sales contracts relating thereto, any and all property now or hereafter situated thereon or used in connection therewith, including but not limited to, refining and processing facilities and all other facilities and equipment relating thereto, including all power houses, machine shops, office and other buildings, compressors, gathering and transmission systems, tanks, telephone lines, tools and supplies, and together with all easements, right of way, tenements, hereditaments and appurtenances now owned or hereafter acquired by Grantor pertaining to such property together with all rights, titles and interests of Grantor in and arising under all contracts and other instruments relating to any of the above, and all different and additional rights of any nature, now owned or hereafter acquired by Grantor of value or convenience in the enjoyment, development, operation or production, in anywise, of such properties, and all revenues, income, rents, issues, profits and other benefits arising therefrom, or from any contract now in existence or hereafter entered into pertaining thereto, and all proceeds from the sale of any such property.

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(b) All of Grantor's rights, titles, and interests now owned or hereafter acquired in and to all hydrocarbons and other materials processed, stored on or related to the Assigned Property and/or accruing or attributable to such properties.

(c) Without limiting the foregoing, all of Grantor's right, title and interest (whether now owned or hereafter acquired by operation of law or otherwise) in and to the lands and/or leases constituting the Assigned Property described or referred to in Exhibit "A" hereto, and in and to leases, easements, permits, licenses, servitudes, rights of way situated upon or used or useful or held for use in connection with the use, development or operation of the foregoing properties and all processing contracts, purchase contracts and contracts for the sale of any liquid hydrocarbons or fractions thereof, processed at the plants located on the lands described in Exhibit "A" attached hereto and all other interests and property of every kind and character insofar as the same cover or relate to the lands described or referred to in said Exhibit "A" even though such rights, titles and interests be incorrectly or insufficiently described or referred to therein, or a description thereof be omitted from said Exhibit "A".

(d) All of Grantor's right, title and interest in and to all contract rights, equipment and personal property constituting all or any portion of the Assigned Property or the proceeds thereof or which are otherwise directly or indirectly attributable to the Assigned Property, whether now owned or hereafter acquired.

(e) All of Grantor's right, title and interest in and to the Assigned Property consisting of all personal property, physical property, improvements, easements, permits, licenses, servitudes, and rights-of-way situated upon or used or useful or held for use in connection with the use, development or operation of the foregoing properties and interests or the production, treating, storing or transportation of oil, gas and other hydrocarbons to or from same, including, but not by way of limitation, connections, tanks, separators, lines, pumps, buildings, sheds, wells, fixtures, tools, machinery, power lines and other equipment and appurtenances, including, without limitation, any and all tubular goods or piping located within or used in connection with the operations carried on within the area of the real property portion of the Assigned Property.

(f) All of the interest of the Grantor in or arising under all contracts and other instruments described in the foregoing Granting Clauses, and all different and additional rights of any nature, now owned or hereafter acquired by Grantor, used or useful or of value or convenience in the enjoyment, development, operation or production, in anywise, of such Assigned Property, and all revenues, income, rents, issues, profits and other benefits arising

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therefrom, or from any contract now in existence or hereafter entered into pertaining thereto, subject only to the conditions, restrictions, exceptions, taxes, encumbrances, appurtenances, contracts, rights, and other matters specified in these Granting Clauses.

All of the foregoing properties, interests and rights described in Granting Clauses (a) through (f), inclusive, constituting the Assigned Property, together with any other properties which may be added by Supplements to this Mortgage and Deed of Trust or which are the proceeds of or are otherwise directly or indirectly attributable thereto, are hereinafter collectively referred to as the "Mortgaged Property".

TO HAVE AND TO HOLD all the Mortgaged Property granted, conveyed, transferred, assigned and set over as aforesaid, or intended so to be, together with all tenements, hereditaments and appurtenances thereunto appertaining, unto the Trustee and his successors and substitutes in the trust, and to his and their assigns, forever. It is the intention of all parties hereto that this Mortgage and Deed of Trust be accorded the effect, under the laws of each state in which the Mortgaged Property is situated, of either a Deed of Trust or Mortgage as may be appropriate according to the laws of each such state, and that this Mortgage and Deed of Trust, at the option of the Beneficiary, be accorded effect as a Deed of Trust or Mortgage pursuant to the terms and provisions hereof and/or in accordance with applicable state law.

#### ARTICLE ONE WARRANTY

1.01 Grantor hereby binds itself and its successors and assigns forever to warrant and defend, all and singular, the Mortgaged Property unto the Trustee, and his successors or substitutes in this trust, and to his and their assigns, forever, against every person whomsoever lawfully claiming or to claim the same or any part thereof, with full substitution and subrogation of Trustee to warranties of others heretofore given or made. Grantor covenants, for itself and its successors or substitutes, and his or their assigns, that, Grantor has or shall have full power and lawful authority to mortgage the Mortgaged Property.

#### ARTICLE TWO SECURED INDEBTEDNESS

2.01 This Mortgage and Deed of Trust is given to secure the following indebtedness, obligations and liabilities:

(a) All indebtedness of Grantor to Beneficiary, its successors or assigns, whether now existing or hereafter arising or as now exists or hereafter arises pursuant to the terms of this

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Mortgage and Deed of Trust, or other ancillary or related agreements, including, without limitation, the outstanding principal balance accrued and unpaid interest on (i) those two certain Promissory Notes of even date herewith, in the original principal amount of THREE MILLION, SEVEN HUNDRED THOUSAND and NO/100 Dollars (\$3,700,000.00) and ONE MILLION and NO/100 Dollars (\$1,000,000.00), respectively, from Grantor and originally payable to the order of Beneficiary; and (ii) any and all other indebtedness of Grantor to Beneficiary, whether now existing or hereafter arising.

(b) All indebtedness arising pursuant to the provisions of this Mortgage and Deed of Trust, including interest, collection and attorneys fees as herein provided.

(c) All loans and advances which Beneficiary may hereafter make to Grantor.

(d) All other and additional debts, obligations and liabilities of every kind and character of Grantor now or hereafter existing in favor of Beneficiary, regardless of whether such debts, obligations and liabilities be direct or indirect, primary or secondary, joint, several or joint and several, fixed or contingent, and regardless of whether such present or future debts, obligations and liabilities may, prior to their acquisition by Beneficiary, be or have been payable to, or be or have been in favor of some other person or have been acquired by Beneficiary in a transaction with one other than Grantor.

(e) Any and all renewals or extensions of any of the foregoing debts, obligations or liabilities or any part thereof.

2.02 The expressions "Secured Indebtedness" as used herein, shall mean all of the indebtedness, obligations and liabilities described or referred to in paragraphs (a) through (e), inclusive, of Section 2.01 hereof.

2.03 The word "Holder" as used herein, shall mean the holder of the Secured Indebtedness.

### ARTICLE THREE COVENANTS OF GRANTOR

3.01 The covenants, agreements and undertakings of Grantor in this Mortgage and Deed of Trust, whether contained in this Article Three or elsewhere, are made by Grantor for itself, and its successors and assigns. Grantor further agrees that each and every covenant, agreement and undertaking of Grantor set forth herein is a continuing obligation and covenant running with the Mortgaged Property and is and shall be binding upon and enforceable against the Mortgaged Property and/or Grantor and Grantor's successors and

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assigns.

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3.02 Until the Secured Indebtedness is fully paid, the Grantor covenants and agrees as follows:

(a) That Grantor will keep, preserve and maintain a business office in the State of Texas, and at such office, in accordance with sound accounting practice, accurate and adequate books and records in which full, true and correct entries shall be promptly made, so that such books at all times will accurately and adequately reflect the Grantor's assets, liabilities and operations, contracts and contract rights and other items of the Mortgaged Property and Grantor agrees that all such books, records and documents shall never be removed from its office address as set forth herein and shall at all times during reasonable business hours be subject to and available for inspection by Holder or its duly authorized agents or representatives, who shall have the right to make and take away copies or transcripts of any or all of such books, records and documents, and Grantor covenants promptly to do all things necessary to permit the full exercise by Holder of its rights under this paragraph.

(b) That Holder and its duly authorized agents or representatives shall at reasonable times have the right to go upon, examine and inspect the Mortgaged Property, and Grantor covenants to do all things necessary to enable the Holder promptly to exercise its rights under this paragraph.

(c) That Grantor at all times will use Grantor's best efforts to maintain, preserve and keep the Mortgaged Property in through repair, working order and condition, and from time to time will use Grantors' best efforts to make all necessary and proper repairs, renewals, replacements and substitutions, to the end that the value of the Mortgaged Property shall be fully preserved, and such property kept in such condition so as to all times permit efficient and economical use and operation thereof.

(d) That Grantor will operate the Mortgaged Property, or will cause the Mortgaged Property to be operated, in good, careful, efficient and workmanlike manner, with competent and experienced supervisors and workmen, in accordance with the practices of the industry.

(e) That Grantor will maintain, or cause to be maintained, insurance with respect to all the Mortgaged Property of an insurable nature and a character usually insured by persons engaged in the same or similar business, against such casualties and contingencies as are customarily insured against by companies engaged in the same business and similarly situated, and in such types and amounts as are customarily carried under similar

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circumstances by such other companies. Such insurance shall be effected under a valid and enforceable policy or policies issued by insurers of recognized responsibility, selected by the Grantor (and approved by the Beneficiary), of which the originals (or certificates issued by the respective insurers with respect to the coverage thereof) shall be delivered to Holder. All such policies shall name Holder as the loss payee thereunder.

(f) That Grantor will pay or cause to be paid before delinquent, all lawful taxes of every kind and character in respect of the Mortgaged Property, and likewise will pay before delinquent all other taxes of Grantor, including income taxes of Grantor, and Grantor covenants to furnish to Holder from time to time evidence, satisfactory to Holder, of the payment of such taxes, provided that nothing herein contained shall obligate Grantor to pay any such tax if Grantor in good faith contests the validity thereof by appropriate legal proceedings, and provided further, that the Grantor shall promptly pay any such tax so contested upon and to the extent of determination of validity thereof.

(g) That Grantor, at any time and from time to time, upon request from Holder, will promptly execute and deliver to Holder such supplemental mortgages, deeds of trust, security agreements, assignments, financing statements, other additional instruments and further assurances as may be necessary or proper in the opinion of Holder fully to effectuate the lien of this Mortgage and Deed of Trust and will promptly record and re-record and file and re-file this Mortgage and Deed of Trust and every other instrument in addition or supplemental hereto that shall be required by law in order to perfect and maintain the lien intended to be created hereby in such manner and places and within such times as may be necessary to perfect and maintain such lien and preserve and protect the rights and remedies of the Holder, and will furnish satisfactory evidence of every such recording and filing to the Holder.

(h) That Grantor will promptly pay and discharge all costs for filing and recording of this Mortgage and Deed of Trust (including any mortgage taxes) and of each financing statement, supplemental mortgage, deed of trust and assignment.

(i) That Grantor will pay, or cause to be paid, all of the Secured Indebtedness in accordance with the terms thereof, or when the maturity thereof may be accelerated in accordance with the terms thereof or hereof.

(j) Grantor, subject to suspension based on the opinion of counsel, will promptly pay and discharge, or cause to be paid and discharged, all rentals, royalties or other payments due by virtue of royalties, agreements and contracts included in or affecting the Mortgaged Property, and will do all other things necessary to keep

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I, DOTTIE MALEY, County Clerk of San Patricio County, Texas, do hereby certify that the following images are part of the Official Public Records of Real Property of San Patricio County,

Texas, starting with File No. 387477 Image Identification No. 255843

WITNESS MY HAND AND SEAL OF OFFICE, this the 4th day of May 1990



*Dottie Maley*  
DOTTIE MALEY, County Clerk  
San Patricio County, Texas.

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unimpaired Grantor's rights thereunder and prevent any forfeiture thereof or default thereunder.

3.03 Grantor covenants that, until the Secured Indebtedness is fully paid, Grantor will not, without prior written consent of Holder:

(a) Enter into any agreement with any other person, firm or corporation for the operation of the Mortgaged Property, or any part thereof.

(b) Enter into any transaction for the sale, lease or other disposition of the Mortgaged Property or any part thereof, except in the course of routine operations for the purpose of retirement or replacement.

(c) Create or permit to exist any other consensual lien, security interest or encumbrance of any nature on, in or in connection with the Mortgaged Property or any part thereof, even though inferior to the lien hereof.

3.04 Any and all covenants contained in Sections 3.02 and 3.03 of this Mortgage and Deed of Trust may from time to time, by instrument in writing signed by the Holder and delivered to Grantor, be waived to such extent and in such manner as the Holder may elect, but no such waiver shall ever affect or impair the Holder's rights hereunder except to the extent specifically stated in such written instrument.

3.05 If Grantor shall fail to fully observe and discharge any of the covenants contained herein, Beneficiary may (but shall not be obligated to) advance funds for Grantor's account to pay or discharge such covenants, and any such sums advanced by Beneficiary shall be and become part of the Secured Indebtedness, as herein defined, and be entitled to all of the benefits and security of this Mortgage and Deed of Trust.

#### ARTICLE FOUR PROVISIONS WITH RESPECT TO ASSIGNMENT

4.01 To additionally secure the Secured Indebtedness, Grantor desires to assign, transfer and convey, and does hereby assign, transfer and convey unto Beneficiary, its successors and assigns, effective as of 12:01 A.M., Central Standard Time, on the date this document is signed by Grantor, all oil, gas, casinghead gas, natural gas liquids and other hydrocarbons (herein sometimes collectively referred to as "Hydrocarbons") relating to or constituting a part of the Mortgaged Property, and the revenues and proceeds now and hereafter attributable to such Hydrocarbons and their products, together with any other accounts arising from, attributable to or constituting a part of the Mortgaged Property.

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Subject to the provisions of Section 4.07 hereof, all of the proceeds from and other moneys relating to the Mortgaged Property shall be remitted directly to Holder by the purchasers and other persons liable for the payment thereof.

4.02 This Mortgage and Deed of Trust shall be effective, in and by itself, as an authorization and direction to each purchaser of any and all Hydrocarbons to make payment of the proceeds therefrom in the manner provided in Section 4.01 hereof. In the event that Grantor shall receive all or any portion of the proceeds of any sale of Hydrocarbons or any other moneys relating to the Mortgaged Property which should go to, or be remitted directly by the purchaser or any other person to, Holder, Grantor itself will remit any such proceeds, or cause such proceeds to be immediately remitted, to the Holder.

4.03 Grantor will execute, if and whenever requested by the Trustee or by Holder, all appropriate documents authorizing or confirming the payment directly to Holder of the proceeds of the sale of such Hydrocarbons and all other moneys relating to the Mortgaged Property. Grantor covenants to hold the Trustee and Holder and the purchaser or purchasers of such Hydrocarbons harmless (subject to disgorgement) against any liability and expenses on account of any adverse claim asserted against any of the proceeds of such Hydrocarbons and all other moneys relating to the Mortgaged Property received by the Trustee or Holder. Any and each such covenant or warranty and indemnity and the lien of this Mortgage and Deed of Trust to secure the same shall continue in effect after and notwithstanding the discharge of the indebtedness secured by this Mortgage and Deed of Trust and the release thereof.

4.04 All moneys received by Holder pursuant to this assignment shall be applied by Holder in the same manner as provided in Section 5.06 hereof.

4.05 Whenever the Secured Indebtedness shall have been paid in full and all covenants contained in this Mortgage and Deed of Trust shall have been fulfilled, all to the satisfaction of Holder, then the assignment evidenced by this Mortgage and Deed of Trust shall become void and of no effect and Holder, upon request of Grantor, shall execute and deliver to Grantor an instrument of release and satisfaction of the assignments contained herein and shall revoke and cancel all outstanding orders executed by Holder for the payment of the proceeds of any Hydrocarbons or other moneys. Until the purchaser of any Hydrocarbons referred to herein shall have received a certified recorded copy of such an instrument of release and satisfaction or other contrary instructions from Holder, such purchaser shall make payment in accordance with the authorization and the direction of this Mortgage and Deed of Trust. The assignment evidenced by this Mortgage and Deed of Trust shall also become void and of no effect with respect to any item of the

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Mortgaged Property which is sold on foreclosure under this Mortgage and Deed of Trust, whether pursuant to the power of sale herein provided for or pursuant to court action.

4.06 The Holder and Trustee shall not be liable for their failure to collect, or for their failure to exercise diligence in collecting, funds assigned hereunder and shall be accountable only for sums actually received by them.

4.07 Notwithstanding the foregoing sections of this Article Four and notwithstanding anything else in this Mortgage and Deed of Trust to the contrary, Trustee and Holder, by acceptance of this Mortgage and Deed of Trust, hereby authorize and direct (subject to revocation as hereinafter provided) each purchaser of Hydrocarbons to make payment of the proceeds of the purchase and such Hydrocarbons to or upon the order of Grantor or to such bank accounts as may be designated by Holder, unless and until such purchaser or other person shall receive written notice, purporting to be subscribed by or on behalf of the Holder to the effect that further payments of such moneys to or upon the order of Grantor shall be discontinued, whereupon, from and after the date of receipt of such notice, all payments by such purchaser or other person of moneys relating to the Mortgaged Property shall be made directly to Holder as provided for in Sections 4.01, 4.02 and 4.03 hereof, for application by Holder as provided in Section 4.04 hereof. Further, Holder is hereby authorized and directed to insert in or append to any instrument specifying the distributees and the division of payments, referred to in Sections 4.02 and 4.03 hereof, which is delivered to Holder for such purpose, a provision authorizing each such purchaser or other person to make payments and remittances directly to or upon the order of Grantor until receipt by such purchaser or other of the notice provided for in this Section 4.07. Grantor agrees that each such purchaser or other person shall accept as accurate any statement of fact contained in any such notice and shall be protected in relying upon such notice and making payments to Holder after receipt of such notice in spite of any inaccuracy or defect in such notice.

4.08 Grantor will, at the request of Holder, furnish to it the names of all parties purchasing or receiving any of the Mortgaged Property and the names of all parties having in their possession any such Mortgaged Property or proceeds therefrom for which they or others are accountable to Holder by virtue of this Article; and Grantor will promptly execute and deliver any and all transfer orders, division orders and other instruments that may be requested by Holder for the purpose of effectuating the assignment hereby made and the payment to Holder of the proceeds so assigned.

4.09 The Beneficiary is fully authorized to receive and receipt for said revenues and proceeds; to endorse and cash any and all checks, drafts payable to the order of Grantor or Beneficiary for the account of Grantor, received from or in connection with

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said revenues or proceeds and apply the proceeds thereof to the payment of the Secured Indebtedness in accordance with the provisions of Section 5.06 hereof, when received, regardless of the maturity of any of the indebtedness, or any installment thereof; and to execute transfer and division orders in the name of Grantor, or otherwise, with warranties binding Grantor. The Beneficiary shall not be liable for any delay, neglect or failure to effect collection of any proceeds or to take any other action in connection therewith or hereunder; but shall have the right, at its election, in the name of Grantor or otherwise, to prosecute and defend any and all actions or legal proceedings deemed advisable by Beneficiary in order to collect such funds and to protect the interest of the Beneficiary and/or Grantor, with all costs, expenses and attorneys fees incurred in connection therewith being paid by Grantor. Grantor hereby agrees to indemnify the Trustee and the Beneficiary against all claims, actions, liabilities, judgments, costs, charges and attorneys fees made against or incurred by it, based upon the assertion that Grantor had received funds from the production of Hydrocarbons claimed by third parties either before or after the payment in full of the Secured Indebtedness. The Trustee and the Beneficiary shall have the right to defend against any such claims, actions and judgments, employing their attorneys therefor, and if they are not furnished with reasonable indemnity, they shall have the right to compromise and adjust any such claims, actions and judgments. Grantor agrees to indemnify and pay to the Trustee and the Beneficiary any and all such claims, judgments, costs, charges and attorneys fees as may be paid in judgment, release or discharge thereof or as may be adjudged against them or either of them.

#### ARTICLE FIVE DEFAULT

5.01 In case any one or more of the following Events of Default (herein so called) has heretofore occurred or shall hereafter occur and be continuing:

(a) Any indebtedness (including future advances) secured hereby, shall fail to be paid when the same shall become due and payable (whether by acceleration or otherwise);

(b) Default by the Grantor in the due performance or observance of any covenant, warranty or condition contained herein;

(c) Any warranty or representation made in this Mortgage and Deed of Trust, or any other loan agreement, or other instrument or document executed by Grantor in connection with or as security for the Secured Indebtedness shall prove to be untrue in any material respect at the time such document was executed or at the time any additional

advance was made under any note or loan agreement relating to any of the Secured Indebtedness;

(d) Should Grantor, (i) become insolvent or be unable to pay its debts as they mature, (ii) apply for or consent to the appointment of a receiver, trustee or liquidator of it or all or a substantial part of its assets, (iii) be adjudicated a bankrupt or insolvent, or file a voluntary petition in bankruptcy, (iv) make a general assignment for the benefit of creditors, (v) file a petition for any arrangement with creditors or to take advantage of any insolvency law, or (vi) file an answer admitting the material allegations of, or consent to, or default in answering a petition filed against it in any bankruptcy, reorganization or insolvency proceedings; or, should an order, judgment or decree be entered by any court of competent jurisdiction, approving a petition seeking reorganization of the Grantor or appointing a receiver, trustee or liquidator of the Grantor or of all or a substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 days, or a petition in bankruptcy or reorganization shall be filed against the Grantor and shall not be dismissed within 60 days after such filing;

then, and in any such event, without waiver of Grantor's rights, the Holder of the Secured Indebtedness may, by written notice to the Grantor and to the Trustee, declare the entire unpaid indebtedness secured by this instrument, including interest then accrued thereon, to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable without other notice or demand of any kind. The foregoing provisions of this section are subject, however, to the condition that, if at any time after such declaration but before the sale of the Mortgaged Property or any part thereof shall be made under this Article, all sums paid or advanced by the Trustee or the Beneficiary or the Holder under any provision hereof and the reasonable and proper charges, expenses and liabilities of their agents, attorneys and counsel, and all other sums then payable by the Grantor hereunder shall be paid by or for the account of the Grantor or collected out of the income, revenues, rents, profits and proceeds from the Mortgaged Property (including moneys received by the Beneficiary under Article IV hereof) or provision satisfactory to the Trustee shall be made for such payment, and the default or defaults which occasioned such declaration shall be remedied, then, and in every such case, the holder may, at its election, by written notice to the Grantor and the Trustee, rescind and annul such declaration in its entirety, whereupon the Secured Indebtedness shall continue to be payable as originally written to all intents and purposes as though such declaration had not been made; but no such action shall affect any subsequent default or Event of Default or impair any

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right consequent thereof.

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5.02 If the entire unpaid principal of, and accrued interest on, the Secured Indebtedness shall have become due and payable, whether at the stated date of maturity thereof or prior thereto, and shall not have been paid, the Trustee shall have the following rights and powers:

(a) To sell, to the extent permitted by law, the Mortgaged Property or any part thereof, at one or more sales as an entirety or in parcels, as he may elect, at such place or places and otherwise in such manner and upon such notice as may be required by law, or, in the absence of any such requirement, as the Trustee may deem appropriate, and to make conveyance to the purchaser or purchasers; and

(b) To proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure or the sale of the Mortgaged Property or any part thereof under the judgment or decree of any court of competent jurisdiction, or for the appointment of a receiver or receivers of the Grantor as to the Mortgaged Property, or for the enforcement of any other appropriate legal or equitable remedy.

The Trustee may conduct any number of sales from time to time. The power of sale shall not be exhausted by any one or more such sales as to any part of the Mortgaged Property not theretofore lawfully sold, but shall continue unimpaired until all of the Mortgaged Property shall have been sold and all indebtedness secured hereby shall have been paid. All costs and expenses (including attorneys fees) incurred by the Trustee or by the Holder of the Secured Indebtedness in protecting and enforcing their rights hereunder shall constitute a portion of the Secured Indebtedness secured by this instrument.

5.03 Upon the Trustee's receipt of the sale price in cash at any public sale, the Trustee is hereby authorized, empowered and directed to make due conveyance to the purchaser or purchasers, and Grantor hereby irrevocably appoints the Trustee to be the attorney of the Grantor, and in the name and on behalf of the Grantor, to execute and deliver any deeds, transfers, conveyances, assignments, assurances and notices required or appropriate in connection with the sale of the Mortgaged Property or any part thereof, and to do and perform any and all such acts and things which the Grantor is required to do and perform under the covenants herein contained and generally to use the name of the Grantor in the exercise of all or

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any of the powers conferred on the Trustee.

5.04 Subject to the provisions of applicable laws in any particular jurisdiction, the Trustee may postpone the sale of all or any portion of the Mortgaged Property by public announcement made at the time of sale fixed by the preceding postponement. Upon any sale, whether under the power of sale hereby given or by virtue of judicial proceedings, it shall not be necessary for the Trustee or any public officer acting under execution or order of court to have physically present or constructively in his possession any of the Mortgaged Property. Upon any sale, whether made under the power of sale hereby given or by virtue of judicial proceedings, the receipt of the Trustee, or of the officer making a sale under judicial proceedings, shall be a sufficient discharge to the purchaser or purchasers at any sale for this or their purchase money, and such purchaser or purchasers, his or their successors, assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Trustee or of such officer therefor, be obliged to see to the application of such purchase price, or be in anywise answerable for any loss, misapplication or nonapplication thereof.

5.05 The proceeds of sale of the Mortgaged Property together with any other sums then held by the Trustee as part of the Mortgaged Property, shall be applied to the Secured Indebtedness in such manner and in such order as Beneficiary, in Beneficiary's discretion, deems appropriate. The recitals contained in any conveyance made by the Trustee to any purchaser at any sale made pursuant to this Article shall, conclusively to the extent permitted by law, establish the truth and accuracy of the matters therein stated, including, without limiting the generality of the foregoing, the amounts of the unpaid principal of and the interest on the Secured Indebtedness, the nonpayment thereof, advertisement and conduct of such sale in the manner provided in this Article of any of the Mortgaged Property and the appointment hereunder of any successor Trustee; and all prerequisites to such sale shall be presumed to have been satisfied and performed.

5.06 The Holder of the Secured Indebtedness shall have the right to become the purchaser at any sale held by the Trustee or by any receiver or public officer, and such Holder purchasing at any such sale shall have the right to be credited upon the amount payable to such Holder out of the net proceeds of such sale.

5.07 The Grantor agrees that, from and after any Event of Default, the Holder of the Secured Indebtedness shall be entitled as a matter of right, without regard to the adequacy of the security for the Secured Indebtedness or the solvency of the Grantor, to the appointment of a receiver or receivers, of such Holder's choice, except as may be prohibited by law, of all or any

part of the Mortgaged Property and the rents, issues, profits, revenues and other income thereof, whether such receivership be incident to a proposed sale thereof or otherwise, and the Grantor hereby consents to the appointment of such receiver or receivers and agrees not to oppose any application therefor by such Holder of any appointment pursuant hereto.

5.08 No remedy herein conferred upon the Trustee or upon the Holder of the Secured Indebtedness is intended to be exclusive of any other remedy, but every such remedy shall be cumulative and shall be in addition to every other remedy herein conferred or now or hereafter existing at law or in equity, whether by statute or otherwise.

5.09 The Holder of the Secured Indebtedness may resort to any collateral or security given or granted by this instrument or any and all other collateral or security now existing or hereafter acquired to secure the payment of any of the Secured Indebtedness, all in such portions and in such order as may be deemed most suitable or appropriate to such Holder in its sole discretion and any of such actions shall not be construed as a waiver of any rights or remedies of such Holder under or pursuant to this Mortgage and Deed of Trust or any other mortgages, security agreements or security interests.

5.10 To the full extent that it may lawfully so agree, Grantor, for itself and for all whom may claim under it, agrees that it will not at any time insist upon, plead, claim or take the benefit or advantage of, any homestead, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this instrument or the absolute sale of the Mortgaged Property, or any part thereof, or the possession thereof by any purchaser at any such sale, but Grantor, for itself and all who may claim under it, insofar as it now or hereafter lawfully may, hereby waives the benefit of all such laws. Appraisement of the Mortgaged Property is hereby expressly waived or not waived, at the option of the Holder said option to be exercised prior to or at the time of sale thereof takes place or judgment is rendered in any foreclosure hereof, whichever occurs first.

5.11 Any provision of this Article Five or any other provision hereof seemingly or impliedly to the contrary notwithstanding, Beneficiary in no way waives or releases Grantor, the Mortgaged Property or any other mortgaged property or collateral heretofore granted Beneficiary from any default(s) or Event(s) of Default which have heretofore occurred or may be deemed to have heretofore occurred with respect to the Secured Indebtedness; the Mortgaged Property subject to the liens created hereby being deemed "additional collateral" to the extent that the Mortgaged Property was not mortgaged to Beneficiary or was not

otherwise collateral for the Secured Indebtedness at the time such prior default or Event of Default may have occurred. Beneficiary hereby reserves to Beneficiary and/or Holder any and all rights of recourse that Beneficiary and/or Holder may have by virtue of such prior default(s) or Event(s) of Default.

#### ARTICLE SIX CONCERNING THE TRUSTEE

6.01 It shall be no part of the duty of the Trustee to see to any recording, filing or registration of this instrument, or any other instrument supplemental hereto or to see to the payment of or be under any duty in respect of any tax or assessment or other governmental charge which may be levied or assessed on any of the Mortgaged Property or against the Grantor or to see to the performance or observance by the Grantor of any of the covenants or agreements herein contained. The Trustee shall not be responsible for the execution, acknowledgement, or validity of this instrument or of any instrument supplemental hereto or for the sufficiency of the security purported to be created hereby, and makes no representation in respect thereof or in respect of the rights of the Holder of the Secured Indebtedness. The Trustee shall have the right to consult with legal counsel upon any matters arising hereunder, and shall be fully protected in relying as to legal matters on advice of counsel. The Trustee shall not incur any personal liability hereunder except for his own willful misconduct; and the Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine.

6.02 The Trustee may resign by a writing addressed to the Holder of the Secured Indebtedness or be removed at any time with or without cause by an instrument in writing duly executed by the Holder of the Secured Indebtedness. In case of the death, resignation or removal of the Trustee, a successor Trustee may be appointed by the Holder of the Secured Indebtedness by instrument of substitution complying with any applicable requirements of law, or, in the absence of any such requirement, without other formality than appointment and such designation shall be mailed to the Grantor. The validity of any appointment, however, shall not be impaired or affected by failure to give such notice or by any defect therein. Such appointment and designation shall be in full evidence of the right and authority to make the same and of all facts therein recited, and upon the making of any such appointment and designation the successor Trustee named therein shall without further act or deed forthwith become vested with all the estate and title of the Trustee named herein in and to all of the Mortgaged Property and he shall thereupon succeed to all of the rights, interests, powers, privileges, remedies, immunities and duties hereby conferred upon the Trustee named herein, and one such

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hereby conferred upon the Trustee named herein, and one such appointment and designation shall not exhaust the right to appoint and designate a successor Trustee hereunder, but such right may be exercised repeatedly as long as any indebtedness remains unpaid hereunder. If no successor shall have accepted the appointment, within thirty (30) days after the resignation of, or the occurrence of a vacancy in the office of, the Trustee, then upon application of the Holder of the Secured Indebtedness or the retiring Trustee a successor Trustee may be appointed by any court of competent jurisdiction.

6.03 The Trustee shall not be required to take any action for the enforcement of this instrument or the exercise of any rights or remedies hereunder or to appear in or defend any action, suit or other proceeding in connection therewith, where, in his opinion, such action will be likely to involve him in expense or liability, unless the Trustee be tendered security and indemnity satisfactory to him against cost, expense or liability in connection therewith.

#### ARTICLE SEVEN NOTICES

7.01 Whenever this Mortgage and Deed of Trust requires or permits any notice or request by one party to another, such notice may be given by registered or certified mail, postage prepaid, addressed to the party to be notified at the address stated below, and if so given, shall be deemed to have been given upon expiration of three (3) days from the date it is deposited in the United States mail.

7.02 The respective addresses of the parties hereto and the present Holder are as follows:

GRANTOR: IMPEXCO OF TEXAS, INC.  
C/O Steelhammer & Kendrick, P.C.,  
Three Riverway, Suite 700,  
Houston, TX 77056-1909

HOLDER:  
(BENEFICIARY) Gary J. Knostman,  
Trustee for the Estate of  
American Energy Leasing, Inc.  
Post Office Drawer 837  
Fulton Beach, Texas 78358

TRUSTEE: Larry G. Myers  
3200 Southwest Freeway  
Suite 2380  
Houston, Texas 77027

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**ARTICLE EIGHT  
DEFEASANCE**

8.01 If the Grantor shall well and truly perform all of its covenants contained herein, and if either (i) the Secured Indebtedness is paid and discharged in full to the satisfaction of the Holder and in accordance with the terms of this instrument and the instruments evidencing it, then this conveyance shall become null and void and be released upon the request and at the expense of the Grantor, otherwise it shall remain in full force and effect; provided that no release hereof shall impair the Grantor's warranties and indemnities contained herein.

**ARTICLE NINE  
MISCELLANEOUS**

9.01 The rights, titles, interests, liens, powers and privileges hereunder are cumulative of each other and of all other rights, titles, interests, liens, powers and privileges which may now or hereafter exist or secure the payment of the Secured Indebtedness, or any part thereof.

9.02 Any provision herein, or in any of the papers executed in connection herewith, to the contrary notwithstanding, Holder shall in no event be entitled to receive or collect, nor shall or may amounts received hereunder be credited, so that Holder shall be paid, as interest, a sum greater than the highest lawful rate. If any possible construction of this Mortgage and Deed of Trust or said Secured Indebtedness, or any or all of the other papers relating to the Secured Indebtedness, seems to indicate any possibility of a different power given or any authority to ask for, demand or receive any larger rate of interest, such is a mistake in calculation or wording, which this clause shall override and control, and proper adjustments shall be made accordingly.

9.03 The security herein and hereby provided shall not affect or be affected by any other or further security heretofore or hereafter taken for the Secured Indebtedness, or any part thereof.

9.04 Grantor, for itself, its successors and assigns, and for any and all persons ever claiming any interest in the property above described, hereby waives all rights of marshalling in the event of foreclosure of the lien hereby created.

9.05 This Mortgage and Deed of Trust shall likewise be a Security Agreement and a Financing Statement. Subject to the terms of Section 9.06 hereof, Grantor hereby grants to Beneficiary a security interest in all of Grantor's rights, titles and interests in and to the Mortgaged Property insofar as such Mortgaged Property consists of equipment, general intangibles, accounts, contract rights, inventory, fixtures, and any and all other personal

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property of any kind or character defined in and subject to the provisions of the Uniform Commercial Code, including the proceeds and products from any and all such personal property. Upon the happening of any of the Events of Default, Beneficiary is and shall be entitled to all the rights, powers and remedies afforded a secured party by the Uniform Commercial Code with reference to the personal property and fixtures in which Beneficiary has been granted a security interest herein, or the Trustee or Beneficiary may proceed as to both the real and personal property covered hereby in accordance with the rights and remedies granted under this Mortgage and Deed of Trust in respect of the real property covered hereby. Such rights, powers and remedies shall be cumulative and in addition to those granted Trustee or Beneficiary under any other provision of this instrument or under any other instrument executed in connection with or as security for the Secured Indebtedness. This Mortgage and Deed of Trust shall be filed for record in the real estate records of each county in which the real property described in Exhibit "A" hereto, or any part thereof, is situated, and, when filed in such counties shall be effective as a financing statement covering fixtures located thereon.

9.06 The Holder reserves the right to release any part of the property now or hereafter subject to the lien hereof, without releasing any other part of said property and without affecting the lien as to the part or parts thereof not so released, and no creditor of the Grantor or any other person shall ever have any objection thereto or any right against any Holder to account therefor, nor shall the lien of these presents be in any manner affected by any such release.

9.07 The Grantor has in this Mortgage and Deed of Trust covenanted that it will do certain things and that it will not do certain other things, all of which covenants are solely for the benefit of the Holder, and its successors and assigns, and no one of said covenants shall ever inure to the benefit of any other persons. No waiver by the Holder of the performance by the Grantor of any covenant contained herein shall ever constitute a waiver of performance or release of its obligations thereafter accruing under such covenant, nor shall such constitute a waiver or release of any other covenant, or impair or affect the lien hereby created. Forbearance to enforce a right or exercise a power hereunder shall never constitute a waiver of such right or power.

9.08 Notwithstanding anything to the contrary herein contained, the rights, powers and privileges granted to and vested in the Trustee herein named are likewise hereby granted to and vested in each and every successor or substitute Trustee who may at any time act hereunder.

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9.09 This instrument shall be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, deed of trust, financing statement, real estate mortgage or security agreement, and from time to time as any one or more thereof.

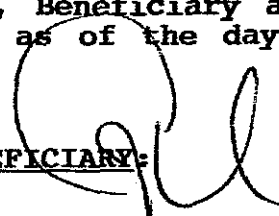
9.10 This Mortgage and Deed of Trust, for convenience only, has been divided into articles and sections, and it is understood that the rights, powers, privileges, duties and other legal relations of Grantor, the Holder and the Trustee shall be determined from this instrument as an entirety and all rights granted hereby to the Holder shall be in addition to all rights granted by the provisions of any note ever secured hereby.

9.11 These presents shall be binding upon the Grantor, its successors and assigns, and shall inure to the benefit of the Holder, its successors and assigns, and shall likewise be covenants running with the land.

9.12 This Mortgage and Deed of Trust may be simultaneously executed in a number of identical counterparts, each of which for all purposes shall be deemed an original and all of which are identical except that, to facilitate recordation, in any particular counterpart portions of Exhibit "A" hereto, which describe properties situated in counties other than the county in which such counterpart is to be recorded, may have been omitted.

IN WITNESS WHEREOF, Trustee, Beneficiary and Grantor have executed this document effective as of the day and year first hereinabove written.

BENEFICIARY:

  
\_\_\_\_\_  
Gary J. Knostman, Trustee  
for the Estate of  
American Energy Leasing, Inc.  
Post Office Drawer 837  
Fulton Beach, Texas 78358

GRANTOR:

IMPEXCO OF TEXAS, INC.

By: \_\_\_\_\_

  
Guy A. Bernes,  
President

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THE STATE OF TEXAS  
COUNTY OF SAN PATRICIO

TITLE PAGE  
OFFICIAL PUBLIC RECORDS OF REAL PROPERTY

I, DOTTIE MALEY, County Clerk of San Patricio County, Texas, do hereby certify that the following images are part of the Official Public Records of Real Property of San Patricio County, Texas, starting with File No. 387477

Image Identification No. 255856

WITNESS MY HAND AND SEAL OF OFFICE, this the 4th day of May 1990



*Dottie Maley*  
DOTTIE MALEY, County Clerk  
San Patricio County, Texas.

FILE NO. 387477

TRUSTEE:

*Larry G. Myers*  
Larry G. Myers  
3200 Southwest Freeway  
Suite 2380  
Houston, Texas 77027

STATE OF TEXAS

))

COUNTY OF HARRIS

))

))

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared GARY J. KNOTSMAN, TRUSTEE OF THE ESTATE OF AMERICAN ENERGY LEASING, INC., the Trustee pursuant to Chapter 11 of Title 11, United States Code, of AMERICAN ENERGY LEASING, INC., a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of such corporation, for the purposes and consideration therein expressed, and in the capacity therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 1st day of May, 1990.

*[Signature]*  
Notary Public in and for  
the State of Texas



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FILE NO 387477

STATE OF TEXAS

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COUNTY OF HARRIS

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This instrument was acknowledged before me on May 2, 1990 by Guy A. Bermes, the President of Impexco of Texas, Inc., a Texas corporation, on behalf of said corporation.



Notary Public in and for  
the State of Texas



STATE OF TEXAS

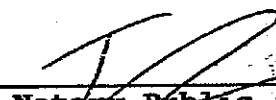
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COUNTY OF HARRIS

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This instrument was acknowledged before me on May 2, 1990 by Larry G. Myers.



Notary Public in and for  
the State of Texas



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EXHIBIT "A"

Attached to and made a part of that certain Mortgage, Deed of Trust, Security Agreement, Assignment of Production and Financing Statement between Gary Knostman, Trustee for American Energy Leasing, Inc., Impexco International Establishment Company Limited and Larry G. Myers, Trustee for the benefit of the Estate of American Energy Leasing, Inc., dated May 1, 1990.

The Leases, agreements, easements, permits and contracts described in this Exhibit cover lands located in San Patricio County, Texas.

Each reference to a Lease, agreement, easement, permit or contract contained in this Exhibit shall be deemed to refer to said Lease, agreement, easement, permit or contract as said Lease, agreement, easement, permit or contract may have been amended and/or ratified by all amendments and/or ratifications heretofore executed, whether or not referred to herein.

Each reference herein to a Book and Page shall be deemed to refer to Book and Page of the Records of San Patricio County, Texas.

DESCRIPTIONS OF MORTGAGED PROPERTY

REFINERY SITE

TRACT 1

FIELDNOTE DESCRIPTION of a portion of Lots 4 and 5, Block O, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the southeasterly corner of said Lot 4, being at the intersection of the centerline of Farm-to-Market Road 2725 with the centerline of a 40.00 foot public roadway between Blocks N and O of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the southerly boundary of said Lot 4, N 55° 23' 00" W, at 50.00 feet past the westerly right-of-way of said Farm-to-Market Road, in all 156.12 feet to the POINT OF BEGINNING of this tract;

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THENCE, continuing along said centerline and boundary, N 55° 23' 00" W, 503.88 feet to the southwesterly corner of said Lot 5;

THENCE, along the westerly boundary of said Lot 5, N 34° 37' 00" E, at 20.00 feet past a 5/8 inch iron rod found on the northerly right-of-way of said 40.00 foot roadway, in all 685.00 feet to a brass monument in concrete found;

THENCE, S 55° 23' 00" E, 610.00 feet to a 5/8 inch iron rod set on the westerly right-of-way of said Farm-to-Market Road;

THENCE, along said westerly right-of-way, S 34° 37' 00" W, 501.25 feet to a 5/8 inch iron rod found;

THENCE, N 55° 23' 00" W, 106.12 feet to a 5/8 inch iron rod found;

THENCE, S 34° 37' 00" W, at 163.75 feet past a 5/8 inch iron rod found on the northerly right-of-way of said 40.00 foot roadway, in all 183.75 feet to the POINT OF BEGINNING.

CONTAINING 9.145 acres, more or less, of which 0.231 acre is in road right-of-way.

#### TRACT 2

FIELDNOTE DESCRIPTION in all of Lots 1 and 2, and a portion of Lot 3, Block N, AND a portion of Lots 1 and 2, Block M, AND all of Lot 4, Block II, AND a portion of Lot 4, Block JJ, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the northwesterly corner of said Lot 3, Block N, being at the intersection of the centerline of Farm-to-Market Road 2725 with the centerline of a 40.00 foot roadway between Blocks N and O of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the northerly boundary of said Lot 3, S 55° 23' 00" E, 50.00 feet to the easterly right-of-way of said Farm-to-Market Road, for the POINT OF BEGINNING of this tract;

THENCE, along said easterly right-of-way, S 34° 37' 00" W, at 20.00 feet past a 5/8 inch iron rod set on the southerly right-of-way of said 40.00 foot roadway, at 1300.00 feet past a 5/8 inch iron rod set on the northerly right-of-way of a 40.00 foot roadway between Blocks M and N of said subdivision, in all 1320.00 feet to a 5/8 inch iron rod set on the southerly boundary of said Lot 3, Block N, being on the centerline of said 40.00 foot roadway.

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THENCE, along said centerline and southerly boundary, S 55° 23' 00" E, 280.00 feet to a 5/8 inch iron rod set at the southeasterly corner of said Lot 3, Block N, being the northwesterly corner of Lot 2, Block M;

THENCE, along the westerly boundary of said Lot 2, S 34° 37' 00" W, at 20.00 feet past the southerly right-of-way of said 40.00 foot roadway, in all 660.00 feet to a 5/8 inch iron rod set;

THENCE, S 55° 23' 00" E, at 630.00 feet past the westerly right-of-way of a 60.00 foot roadway between Blocks M and JJ, at 660.00 feet past the centerline of said roadway and boundary between said Blocks M and JJ, in all 690.00 feet to a 5/8 inch iron rod found on the easterly right-of-way of said 60.00 foot roadway;

THENCE, along said easterly right-of-way, N 34° 37' 00" E, 420.89 feet to a 5/8 inch iron rod found;

THENCE, S 57° 11' 36" E, 219.92 feet to a 5/8 inch iron rod found;

THENCE, N 36° 16' 05" E, 252.27 feet to a 5/8 inch iron rod found on the northerly right-of-way of a 40.00 foot roadway between Blocks JJ and II;

THENCE, along said northerly right-of-way, S 55°, 23' 00" E, 72.92 feet to a 5/8 inch iron rod set on the boundary between Lots 3 and 4, Block II;

THENCE, along said boundary, N 34° 37' 00" E, at 1280.00 feet past a 5/8 inch iron rod set on the southerly right-of-way of a 40.00 foot roadway between Blocks II and HH, in all 1300.00 feet to the centerline of said roadway, being the northeasterly corner of said Lot 4, Block II;

THENCE, along said centerline and the boundary between Blocks II and HH, and the boundary between Blocks N and O, N 55° 23' 00" W, 1270.00 feet to the POINT OF BEGINNING.

CONTAINING 50.113 acres, more or less, of which 4.070 acres is in road right-of-way.

TRACT 3

Lots 1, 2 and 3, Block II, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas.

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#### REFINERY EQUIPMENT

A. A refinery located in Ingleside, Texas, on 87.258 acres of land, more or less, as hereinabove described, and consisting of the following processing units and facilities:

A complete 10,000 or 12,000 b/d atmospheric crude distillation unit, including 3 side strippers, distillate treating facilities and cooling tower.

A complete 30,000 b/d atmospheric crude distillation unit, including 4 side strippers, diesel stream filter - coalescer and salt dryer and off-gas compressor and caustic treater, distillate treating facilities and cooling tower.

A complete 20,000 b/d vacuum distillation unit, including cooling tower.

A complete 15,000 b/d naphtha stabilizer.

Boiler house 20,000 lb/hr.

Firewater system, including 200 HP diesel driven firewater pump

Waste water treatment system

Tankage consisting of 31 tanks with a total capacity of approximately 1,179,250 barrels and transfer pumps.

Two (2) truck loading racks, together with all facilities thereto.

Control House complete with all instrument panels installed.

B. Laboratory equipment consisting of the following:

Fisher Model 1200 Gas Partitioner with Omni-Scribe recorder

Princeton Gamma Tech Model 100 Chemical Analyzer (Sulfur Mach.) w/ Anadex Model DP-500 Printer

L-X Heating Hydrometer Cylinders (2)

Vapor Pressure Bath Unit

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Fisher Model 13-449 Colorimeter, ASTM D-1500

Fisher/Tag, Ser. No. 113, Saybolt Chronometer

Precision Scientific Cat. No. 74731 Distillation Machine (4)

Fisher/Tag Model 13407 Flash Point Apparatus

Koehler Instrument Co. Smoke Point Apparatus (Set A)

Precision Scientific Cat. No. 74700 Salt and Crude Analyzer

Fisher Model 315 Thermix Stirring Hot Plate

Lab-Line Instruments Model No. 1405 Kwik-Set Lab-Chron Timer

Fisher/Tag Ser. No. 1392 Saybolt Viscosimeter, ASTM D-88

Precision Scientific Cat. No. 74944 Temp-Trol Viscosity Bath

Koehler Model No. 10-399 LPG Corrosion Bath

Labconco Stainless Steel Glassware Washer

Vacuum Distillation Apparatus w/Vacuum Pump and (2) heating elements

Koehler sample warmer, water by distillation

Depentanization Apparatus

Fisher Model No. 350 Isotemp Oven

Corning No. 125 pH Meter

Bausch & Lomb Model No. 33-46-10 Refractometer

Bausch & Lomb Model No. 33-22-01 Spectronic 21

Fisher/Tag Ser. No. 1503 Tag Closed Meter, ASTM D-

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GRA/Lab Model No. 171 Universal Timer

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M-6D Aqua Still Model No. M-5D, Ser. No. CD-621  
Oceanography Int'l. Ampulmatic Model No. 1360  
Dayton Electric Model No. 32394B Speedair Compressor  
Miscellaneous consumable laboratory supplies

C. All spare parts, inventory and tools presently located in or on the 87.258 acres of land described above, or stored or located on the premises owned, leased or in any other way controlled by American Energy Leasing, Inc. or Spartan Resources, Inc. or any affiliated person, partnership, corporation or other legal entity thereof.

D. In addition to the processing units and facilities specifically described above, the refinery shall also include the following:

Flare system including "knock out" drum  
Kerosine Clay Tower  
Instrument Air Compressor with dryer  
Control Building with Control Panels  
Pump House with switch gear room

E. All plans, drawings, operating manuals, financial and operating records, if any, pertaining to the Refinery described in paragraph A, above.

EASEMENTS, PERMITS & RIGHTS  
OF WAY

1. Pipeline Easement, dated March 23, 1978, from Hugh C. Jackson to Uni Pipe Line Inc., covering a portion of Lot 4, Block B-B and Lots 3 and 4, Block A-A of the Burton and Danforth Subdivision, San Patricio County, Texas.

2. Pipeline Easement, dated March 17, 1978, from Dorothy Gathings to Uni Pipe Line, Inc., covering a portion of Lots 1, 2 and 3, Block "U" and Lot 3, Block "T" of the Burton and Danforth Subdivision, San Patricio County, Texas.

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3. Pipeline Easement, dated March 20, 1978, from Florence I. Duphorne to Uni Pipe Line, Inc., covering a portion of Lots 2 and 3, Block A-A of the Burton and Danforth Subdivision, San Patricio County, Texas.

4. Pipeline Resolution of the Commissioner's Court of San Patricio County, Texas, dated April 28, 1978, authorizing Uni Oil, Inc. to lay, construct, maintain and operate pipelines under, through, across and along certain public roads and highways.

5. Permit No. 1191, dated January 19, 1978, issued by the State Department of Highways and Public Transportation of the State of Texas to Uni-Oil, pertaining to a pipeline across State Highway No. 361, San Patricio County, Texas.

6. Permit No. 1216, dated February 15, 1978, issued by the State Department of Highways and Public Transportation of the State of Texas to Uni Pipe Line, Inc., pertaining to a pipeline across F.M. No. 2725.

7. Perpetual 20' easement reserved in General Warranty Deed, dated May 8, 1984, from American Energy Leasing, Inc. ("Grantor") to A.C. Garrett, et al ("Grantees").

8. Perpetual 15' easement reserved in Warranty Deed, dated July 2, 1984, from American Energy Leasing, Inc. ("Grantor") to Central Power and Light Company ("Grantee").

9. Pipeline and valve station easement reserved in General Warranty Deed (With Vendor's Lien), dated March 30, 1984, from American Energy Leasing, Inc. ("Grantor") to J.D. Construction & Refinery Maintenance, Inc. ("Grantee").

10. Resolution of the City of Aransas Pass, Texas, dated November 7, 1977, granting H & J Marine, Inc., its successors and assigns, the right to lay, construct, maintain and operate a pipeline under, through, across and along public roads and highways under the jurisdiction of the City of Aransas Pass, Texas; and Resolution of the Commissioners' Court of San Patricio County, Texas, dated November 14, 1977, granting to H & J Marine, Inc., its successors and assigns, the right to lay, construct, maintain and operate a pipeline, under, through, across and along public roads and highways under the jurisdiction of the County of San Patricio, Texas; which right of way grants and rights relating thereto were assigned by Assignment Of Right-Of-Way, dated January 23, 1978, from H & J Marine, Inc. to Uni Oil, Inc., and which right of way grants and rights relating thereto were assigned to Poda by Assignment Of Rights Of Way And Permit, dated January 31, 1983, and filed for record in the Official Public Records of Real Property of San Patricio County, Texas, under San Patricio County Clerk's File #315281, to which Resolutions and the assignments thereof